

# News

U.S. Department of Labor  
Bureau of Labor Statistics  
PO Box 193766  
San Francisco, CA 94119-3766



## CONTACT:

Stanley P. Stephenson (415) 975-4373  
Nancy A. Treadwell (415) 975-4403  
Public Information Line (415) 975-4350  
Internet address: <http://stats.bls.gov/ro9news.htm>  
Fax on demand (415) 975-4567 Document 9360

**BLS 00-47**  
**FOR RELEASE:**  
**Wednesday, August 9, 2000**

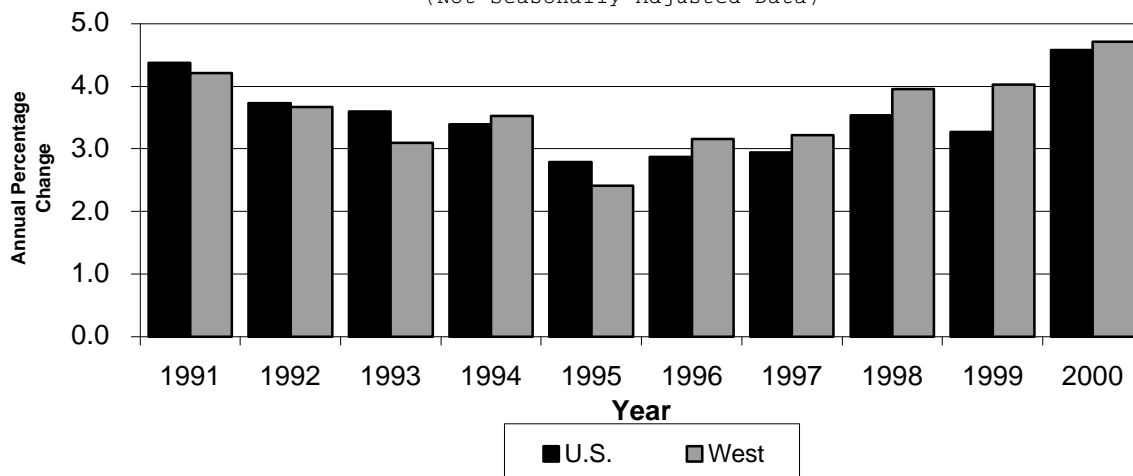
## EMPLOYMENT COST INDEX FOR THE WEST JUNE 2000

The West Region Employment Cost Index (ECI) for total compensation for private industry workers increased 1.2 percent in the three months ending June 2000, according to the U.S. Department of Labor's Bureau of Labor Statistics. Regional Commissioner Stanley Stephenson noted that the current advance in the index is comparable to the 1.3 percent rise during the same period one year ago. The June 2000 ECI for the West Region was 148.8 (June 1989=100). The ECI measures changes in compensation costs, including wages and salaries, and employer costs for employee benefits. ECI data in this release are not seasonally adjusted.

Among the other three regions of the country, the ECI rose 1.2 percent in both the Midwest and South in the second quarter matching the growth in the West, while the Northeast grew at a 0.9 percent pace. During the same period, the ECI advanced 1.1 percent nationwide.

## Employment Cost Index for the United States and West Region Annual Percent Change, June 1991 - 2000

(Not Seasonally Adjusted Data)



Total compensation costs for private industry workers in the West region increased 4.7 percent during the last 12 months ending June 2000. This compares to a 4.6 percent gain for the Nation. In the other regions, compensation costs advanced 4.9 percent over the year in the Midwest and 4.3 percent in both the Northeast and South.

In the five-year span from June 1995 to June 2000, total compensation in the West rose 20.6 percent, compared to an 18.4 percent increase for the Nation. During this period, total compensation advanced 18.8 percent in the Midwest, 18.0 percent in the South and 16.6 percent in the Northeast.

## **Wages and Salaries**

The wage and salary component of the ECI for private industry workers in the West rose 1.1 percent over the second quarter and 4.4 percent for the year ending June 2000. Nationwide, the 3-month and 12-month gains for wages and salaries were 1.0 and 4.1 percent, respectively. In the other regions, the over-the-year increase of 4.3 percent in the Midwest was not much different from that in the West, while the Northeast gain of 4.0 percent was essentially the same as the national increase. Wage and salary growth in the South was less rapid at 3.7 percent.

In the West, the 4.4 percent increase in wage and salary costs between June 1999 and June 2000 surpassed the 3.6 percent rise in the Consumer Price Index for All Urban Consumers (CPI-U) for the region during this period continuing the trend. Over the past five years, wage and salary costs advanced 21.0 percent in the West, easily outpacing the 13.5 percent rise in the CPI-U for the region.

**TECHNICAL NOTE: The Employment Cost Index (ECI) is a quarterly measure of the change in the price of labor, free from the influence of employment shifts among occupations and industries. The compensation series includes changes in wages and salaries and employer costs for employee benefits. The wage and salary series and the benefit cost series provide the change for the two components of compensation.**

**Wages and salaries are defined as the hourly straight-time wage rate or, for workers not paid on an hourly basis, straight-time earnings divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, shift differentials, and nonproduction bonuses such as lump-sum payments provided in lieu of wage increases. Totally excluded from the ECI are such items as payments-in-kind, free room and board, and tips.**

**Benefits included in the ECI are: Paid leave (vacations, holidays, sick leave, and other leave); supplemental pay (premium pay for overtime, shift differentials, and nonproduction bonuses such as lump-sum payments in lieu of wage increases); insurance benefits (life, health, sickness and accident, and long-term disability); retirement and savings benefits (defined benefit and defined contribution); legally required benefits (Social Security, Federal and State unemployment insurance, workers' compensation, and other legally required benefits such as State temporary disability); and other benefits (severance pay and supplemental unemployment insurance plans).**

**TECHNICAL NOTE CONTINUED:**

This release introduces an expanded definition of nonproduction bonuses now included in total compensation. This change is designed to improve the ECI's representation of the compensation packages offered to employees. In addition to the traditional types of nonproduction bonuses such as attendance bonuses and lump sum payments, the June ECI includes hiring and referral bonuses. Hiring bonuses are payments made by the employer to induce an individual to accept employment; referral bonuses are payments by the employer for recommending an applicant who is hired by the establishment. A fact sheet has been prepared with additional information on this change and its effect on the ECI. This information can be obtained directly from the Internet site <http://stats.bls.gov/ecthome.htm>, by e-mail request [ocltinfo@bls.gov](mailto:ocltinfo@bls.gov), or by telephone (202) 691-6199.

Since March 1995, ECI estimates are based on 1990 counts of occupational employment by industry, rather than on 1980 employment counts.

The ECI sample is rotated over approximately five years; this makes it more representative and reduces respondent burden. The sample is replaced on a cross-area, cross-industry basis. The June 1999 index contains the first of several integrated National Compensation Survey (NCS)-ECI samples. Integrated samples result in an increase in the number of private industry establishments and occupations in the survey. The NCS- ECI sample will be completely integrated over the next two years.

**NOTE:** The regional coverage is:

**West --** Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

**Northeast --** Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

**South --** Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

**Midwest --** Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

**Table 1. Employment Cost Index for total compensation, wages and salaries, and benefits for private industry workers, United States and Census Regions 1/.  
(Not Seasonally adjusted)**

Region	Indexes (June 1989=100)			Percent Changes for 3 Months ended:			Percent Changes for 12 Months ended:		
	June 1999	March 2000	June 2000	June 1999	March 2000	June 2000	June 1999	March 2000	June 2000
<b>Total Compensation 2/</b>									
National.....	142.0	146.8	148.5	1.1	1.5	1.2	3.3	4.6	4.6
West.....	142.1	147.0	148.8	1.3	1.6	1.2	4.0	4.8	4.7
Northeast.....	141.5	146.3	147.6	0.7	1.4	0.9	3.3	4.1	4.3
South.....	140.7	145.0	146.7	1.2	1.4	1.2	3.2	4.2	4.3
Midwest 3/.....	143.6	148.9	150.7	1.3	1.8	1.2	2.9	5.1	4.9
<b>Wages and Salaries:</b>									
National.....	139.7	143.9	145.4	1.2	1.2	1.0	3.6	4.2	4.1
West.....	140.2	144.7	146.3	1.4	1.5	1.1	4.2	4.7	4.4
Northeast.....	138.2	142.3	143.7	0.8	1.0	1.0	3.3	3.8	4.0
South.....	139.4	143.0	144.6	1.1	1.1	1.1	3.3	3.7	3.7
Midwest 3/.....	141.0	145.3	147.1	1.5	1.2	1.2	3.7	4.6	4.3
<b>Benefits:</b>									
National.....	147.3	153.8	155.7	1.0	2.4	1.2	2.5	5.5	5.7

1/ Excludes self-employed, unpaid family members, private household employees and agriculture, for fishing, and government employees.

2/ The index measures changes in compensation costs (wages, salaries, and employer cost for employee benefits).

3/ Formerly titled the North Central region.

NOTE: Fixed employment weights are used each quarter to calculate the national series. However, for the regional series the employment weights are reallocated each quarter based on the current sample. The indexes for the regional series, consequently, are not strictly comparable to the national series.

**Table 2. Annual percent changes in total compensation, wages and salaries, and benefits for private industry workers. (Not Seasonally adjusted)  
June - June**

Region	Years									
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>Compensation: 1/</b>										
National.....	4.4	3.7	3.6	3.4	2.8	2.9	2.9	3.5	3.3	4.6
West.....	4.2	3.7	3.1	3.5	2.4	3.2	3.2	4.0	4.0	4.7
Northeast.....	5.0	3.5	4.0	3.1	3.1	2.4	2.6	2.9	3.3	4.3
South.....	3.9	3.2	3.3	3.2	2.9	2.8	2.9	3.7	3.2	4.3
Midwest 2/.....	4.7	4.5	4.1	3.6	2.7	3.0	3.1	3.6	2.9	4.9
<b>Wages and salaries: 1/</b>										
National.....	3.7	3.0	2.7	3.1	2.9	3.4	3.3	4.0	3.6	4.1
West.....	3.5	3.3	2.3	3.7	2.5	3.2	3.3	4.3	4.2	4.4
Northeast.....	4.4	2.6	3.1	2.7	2.8	3.2	3.0	3.1	3.3	4.0
South.....	3.1	2.8	2.5	2.7	2.9	3.6	3.4	4.3	3.3	3.7
Midwest 2/.....	3.9	3.3	3.0	3.2	3.3	3.3	3.3	4.3	3.7	4.3
<b>Benefits: 1/</b>										
National.....	6.2	5.5	5.8	3.9	2.6	1.7	2.0	2.6	2.5	5.7
<b>Consumer Price Index CPI-U (1982-1984)=100</b>										
National.....	4.7	3.1	3.0	2.5	3.0	2.8	2.3	1.7	2.0	3.7
West.....	4.6	3.5	3.1	2.0	3.2	2.5	2.2	2.0	2.5	3.6
Northeast.....	5.3	3.4	2.9	2.4	2.6	2.6	2.4	1.6	2.1	3.3
South.....	4.3	2.9	3.0	2.8	3.0	3.3	1.9	1.3	1.6	3.5
Midwest 2/.....	4.5	2.6	2.9	2.9	3.3	2.8	2.5	1.8	1.9	4.3
<b>ECI Wages and Salaries Constant dollar 3/</b>										
National.....	-0.9	-0.1	-0.3	0.5	-0.2	0.6	0.9	2.3	1.6	0.4
West.....	-1.1	-0.2	-0.7	1.7	-0.6	0.7	1.0	2.3	1.7	0.8
Northeast.....	-0.9	-0.9	0.3	0.3	0.1	0.5	0.6	1.5	1.2	0.7
South.....	-1.1	-0.2	-0.5	-0.1	-0.1	0.3	1.5	2.9	1.7	0.2
Midwest 2/.....	-0.6	0.8	0.0	0.4	0.0	0.4	0.8	2.5	1.8	0.0

1/ Compensation, Wages and Salaries, and benefits, as measured by the Employment Cost Index for private industry.

2/ Formerly titled the North Central region.

3/ ECI for Wages and Salaries adjusted by the impact of the comparable CPI-U 1982-84=100.

**Table 3. Comparative One, Five and Ten year percent changes  
June - June private industry workers. (Not Seasonally adjusted)**

Region	Percent changes over:		
	One-Year	Five-Years	Ten-Years
<b>Compensation 1/</b>			
National.....	4.6	18.4	41.2
West.....	4.7	20.6	42.4
Northeast.....	4.3	16.6	40.2
South.....	4.3	18.0	38.8
Midwest.....	4.9	18.8	43.8
<b>Wages and Salaries: 1/</b>			
National.....	4.1	19.7	39.1
West.....	4.4	21.0	40.7
Northeast.....	4.0	17.7	37.1
South.....	3.7	19.7	37.5
Midwest.....	4.3	20.4	41.9
<b>Benefits: 1/</b>			
National.....	5.7	15.2	45.7
<b>Consumer Price Index CPI-U (1982-84)=100</b>			
National.....	3.7	13.0	32.6
West.....	3.6	13.5	33.3
Northeast.....	3.3	12.5	32.5
South.....	3.5	12.3	31.5
Midwest.....	4.3	14.0	33.6
<b>ECI Wages and Salaries Constant Dollars/2</b>			
National.....	0.4	5.9	4.9
West.....	0.8	6.6	5.6
Northeast.....	0.7	4.6	3.5
South.....	0.2	6.6	4.5
Midwest.....	0.0	5.6	6.2

1/ Compensation, wages and salaries, and benefits as measured by the Employment Cost Index for Private industry (ECI).

2/ ECI for Wages and Salaries adjusted by the impact of the CPI-U (1982-84)=100

N/A = Not Available